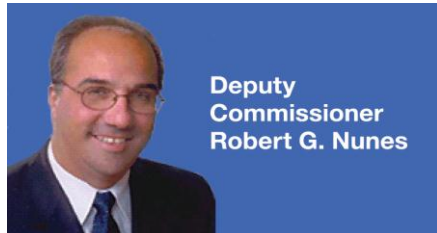


A Publication of
the Massachusetts
Department of Revenue's
Division of Local Services

City & Town

Amy Pitter, Commissioner • Robert G. Nunes, Deputy Commissioner & Director of Municipal Affairs



Deputy
Commissioner
Robert G. Nunes

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City & Town is published by the Massachusetts Department of Revenue's Division of Local Services (DLS) and is designed to address matters of interest to local officials.

Dan Bertrand, Editor

Editorial Board: Robert Nunes, Robert Bliss, Zack Blake, Amy Handfield, Sandra Bruso and Patricia Hunt

A Friend to DLS and Municipal Government

As many of you can attest, former Lieutenant Governor Tim Murray was an unwavering and committed advocate for municipal government throughout his tenure. Since I was Mayor of Taunton and he served as Mayor of Worcester, I've been fortunate to have seen him in action on issues that may not garner much media coverage, but fundamentally impact the lives of the residents of the commonwealth. When I joined the Patrick-Murray Administration in early 2007 as the head of the Division of Local Services, I knew the important work done here could only continue with the full support of the Executive Branch. The encouragement and acknowledgement our staff has received for the often behind-the-scenes work they do revealed to me that this support went above and beyond any expectations I had.

"Tim gets it" is a phrase I heard countless times from local officials and something I know he takes as a great compliment. He frequently referred to cities and towns as the place "where the rubber meets the road" when it comes to services and he fostered that connection. He chaired more than 35 Municipal Cabinet meetings across the state from Amesbury to North Adams, Agawam to Cape Cod and everywhere in between. His experience in local government coupled with his willingness to listen and his ability to get results led to initiatives that lowered costs for municipal

health insurance, promoted regionalization and provided cities and towns the tools they need to generate revenue. It was a pleasure to serve with Lieutenant Governor Murray and I wish him all the best in his new endeavor.

In other news, I'm pleased to announce that Joanne Graziano will be succeeding Marilyn Browne as the new chief of the Bureau of Local Assessment. Joanne is a talented, dedicated public servant and is primed to continue the great work done by the BLA staff. I'm excited to have her as part of our Senior Staff and welcome the new ideas and innovations she'll bring to our continued goal of increased stakeholder engagement. To learn more, please read the below interview she did with our own Bob Bliss where she outlined both her vision and plans for BLA.

On a closing note, I look forward to meeting some of you at the various association conferences scheduled this month. In the past year, DLS has spent considerable time on engaging our stakeholders, and these conferences provide another opportunity for us to hear from you, and to report back on what we are doing at DLS to improve.

Robert G. Nunes
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Joanne Graziano Takes Reins of BLA

Bob Bliss - Strategic Planning Director and Worcester and Springfield Office Manager

Joanne Graziano, recently named by Deputy DLS Commissioner Robert Nunes to serve as chief of the Bureau of Local Assessment, has just finished meeting BLA staff to put the finishing touches on BLA's FY14 Strategic Plan.

"It's been hectic," Joanne said as she enters her third week as BLA chief. "The development of our strategic plan is the right time to gather the many ideas coming from our staff on how we can do our jobs more efficiently and work more closely and cooperatively with local assessors. It has been great to see our staff take the lead on this."

Joanne has worked in the assessing field for more than 30

years. She worked for private assessing firms for eight years before working for 11 years as the Deputy Director and in other positions for the City of Boston's Assessing Department in the Valuation Division. She has worked at DLS for 12 years.

Joanne knows the issues that come up in the field. For the past ten years, she served as BLA Certification Field Supervisor overseeing the work of up to ten field staff in Boston, Worcester and Springfield. She has spent considerable time in many of the state's far-flung cities and towns providing guidance in assessment and administration to both BLA field staff, local assessors and other officials to ensure that local property valuations are fairly and timely assessed.

Local assessors in communities who went through the certification process in FY13 and who took part in a DLS survey sent earlier this year expressed the belief that the road to obtaining certification was not always well-paved and well-marked.

"Some of those sentiments were not new to me," Joanne said. She intends to take a collegial approach with both local assessors and field staff and to keep last-minute surprises to a minimum. "Better communication is key," she said. "We are looking at tools that will improve internal and external communication."

"The relationship of the BLA and assessors has been a partnership since the days when BLA was formed after the passage of Proposition 2.5. It is still a question of how do we communicate what we need from the assessors and what the assessors need from us," she said.

"We have developed excellent analytical tools and administrative processes to review valuation data very closely, but we also need to take into account what our field staff and local assessors are telling us about a given community and its circumstances," Joanne said.

BLA staff has identified three areas to address in the BLA Strategic Plan, Joanne said: improve both internal and external communication; review operations and how to streamline the certification process; and provide training, with both internal and external programs that best meet the needs

of the staff and assessors.

City and Town will report on the entire DLS FY14 Strategic Plan in the coming months.

Have a Question? Ask *DLS*

This month's *Ask DLS* features frequently asked questions relative to the close of the fiscal year. We hope the answers will provide timely and helpful information. Please let us know if you have other areas of interest or send a question to cityandtown@dor.state.ma.us. We'd like to hear from you.

When may an operating appropriation be encumbered at the close of the fiscal year?

An encumbrance is the accounting device used to ensure annual operating appropriation balances are not closed when employees and vendors have outstanding and enforceable contractual claims against those appropriations. With limited exceptions, municipal officers cannot incur contractual liabilities without a sufficient appropriation. [G.L. c. 44, sec. 31](#). Therefore, the liability must have been incurred during the fiscal year by a purchase order, contract or salary commitment that is chargeable to the appropriation made for that year's expenses. Those obligations are determined on or before July 15 when the books are closed for the prior year. [G.L. c. 44, sec. 56](#) and [56A](#).

Can a department's current year appropriation be charged or encumbered for the following expenses:

A.) Office supplies, or salt and sand for snow operations, ordered at the end of the year for use next year?

A.) Yes. Purchases of goods, materials and supplies by a municipal department are charged to the appropriation of the year the liability is incurred, i.e., the year the order is placed, even if all or some of the supplies will be used next year. The school department, however, can charge such purchases made after next year's budget is approved to that appropriation, but cannot pay the bill until after 7/1. [G.L. c. 71, sec. 49A](#).

B.) Services to be performed entirely next year?

B.) No. Services that will be performed entirely next year must be charged to that year's appropriation. However, this year's budget may be charged or encumbered to pay bills for services or recurring expenses performed in both years, e.g., leases, membership dues or subscriptions. The school department may also charge this year's budget for prepayment of special education or educational collaborative tuitions due this year, even though the services will be performed next year, e.g., a bill for tuitions for 7/1 to 9/30 due on 6/30. [G.L. c. 40, sec. 4E](#); [c. 71, sec. 71D](#). No more than 12 months of services or recurring expense should be charged to any year's budget.

If monies were included in departmental salary items to cover expected raises from collective bargaining agreements during the year and the year ends without agreements, may the funds be encumbered until the contracts are settled?

Not if negotiations are ongoing as of June 30 as there is no contractual obligation to pay any additional amounts to employees. This applies to monies appropriated in salary line items or collective bargaining reserves voted to fund amounts owed in that particular fiscal year after the contracts were settled. To be able to appropriate those monies for any raises negotiated next year, the legislative body may transfer them to the line items in next year's budget, a general stabilization fund or a contract reserve special purpose appropriation not limited to any particular year.

If a contract is settled and ratified by union members by June 30, however, the monies are available until July 15 for transfer by the school committee to fund school contracts or appropriation or transfer by the legislative body to fund the first year cost items of other contracts.

At year end, can surplus amounts in operating appropriations be transferred to cover potential deficits in other appropriations without a town meeting or council vote? When must the transfers be completed?

Transfers from annual operating appropriations must be made on or before July 15 when the books are closed. In cities, all transfers require a council vote unless the charter provides otherwise. [G.L. c. 44, sec. 33B\(a\)](#). In towns, town meeting must vote all transfers (1) from the school and

municipal light department budgets, (2) in amounts exceeding 3% of the budget of the department from which the transfer is made, or \$5,000 if greater, and (3) from other annual appropriations, e.g., employee benefits or debt service. From May 1 to July 15, however, the selectboard, with the approval of the finance committee, may transfer funds from line items in the budgets of departments other than the school and light departments to line items in the same or other departments, but the amount transferred from any department cannot be more than 3% of its budget, or \$5,000 if greater. [G.L. c. 44, sec. 33B\(b\)](#). See [Informational Guideline Release No. 06-209, Appropriation Transfers](#).

Municipal or regional school committees may transfer among line items in the annual school budget, and the finance committee may transfer from the reserve fund, on or before July 15. [G.L. c. 71, sec. 34](#).

Free cash and enterprise retained earnings balances expire on June 30. No appropriations by town meeting or council may be made after that date to cover operating deficits until the Director of Accounts certifies a new balance as of July 1. [G.L. c. 59, sec. 23](#); [c. 44, sec. 53F1/2](#).

What happens if the city council votes to reject the mayor's proposed budget, or reduce the total proposed budget by a specified percentage or amount?

Unless the city's charter provides otherwise, the mayor's proposed budget will take effect if no other action is taken within 45 days of the date budget was submitted. Under the general city budget statute, [G.L. c. 44, sec. 32](#), the mayor submits a proposed annual budget to the city council (or board of aldermen) that must contain a minimum level of line-item detail for each department's appropriations. Any item in the mayor's proposed budget that has not been approved, reduced or rejected by vote of the council within the 45 day period takes effect as the appropriation for that purpose.

Shared Remote IT Director for Smaller Towns: Survey Results

David Davies - Director of Information Technology

In a [May 2nd City and Town article](#) that explored the concept of using up-to-date technologies to protect small town data

easily and affordably, a key issue was whether small town leaders fully understood the risks of not securing essential data and whether they stood ready to seize a solution that was practical for their community.

By way of review: "The concept now under review is whether the equivalent of two persons or a vendor under a carefully drawn contract could perform these basic, desperately needed data protection and easily-provided other services from a central location with the right remote access software at an annual cost that the smallest towns could afford, e.g. \$500-\$1000. The central problem to be solved is not that cheap and easily implemented Internet backups or anti-virus subscriptions are not available and within the technical ability of small town local officials. The central problem is that it is not these officials' job to worry about such things day to day, and so they typically don't. *This proposal establishes someone to be responsible and accountable to town leaders*, as long as 1. The service level is carefully delineated, 2. That person does not have to travel to that town and does not have to perform duties on-site except in exceptional situations."

Days after the article appeared, we surveyed 185 towns under 11,000 population asking three simple questions on their level of interest, readiness to act, and overall concerns. Almost 40 percent responded, and of these 55 percent were smaller western communities. So the survey heard from the type of town that would get the most benefit from such a program.

Overall among towns under 11,000 population:

If your community could hire someone for \$500-1500 annually to protect all computerized data and lessen other risks, what would be your level of interest?

61% High - We recognize the need, and this would be affordable.

25% Medium - We are not sure about our risk exposure or have other reasons to be cautious.

18% Affordable data protection and policy adoption are not a

problem in our community

If your community was satisfied with program details, would it be prepared to join with other communities to begin such a shared IT Director program in FY14?

31% - Yes

15% - No

27% - Maybe

Interpreting the responses to the first two questions, at least one very small community was certain their data were secure despite a very recent backup failure and time-consuming manual recovery effort in the same town. Some 11 percent of the communities were Cape and Island communities that have full-fledged IT departments and regionalized services despite relatively low year-round populations. But most of these still expressed high to medium interest in the concept, if only for another layer of off-site protection.

Question 3 continued: **What are your primary concerns in considering your community's participation in such a shared IT Director program?**

The concerns expressed centered on cost, scope of services, budget process deadlines, security, and data availability. A sampling:

"\$500 is affordable, and should easily be able to be funded. Even \$1,000 would be more of a challenge."

"I think it is a great idea to share IT services. There is conversation beginning with Berkshire Regional Planning Commission to explore shared IT services. Cost and availability would be my primary concerns."

"Timely access. We already have tech coverage through a vendor, but we need to protect for a potential crisis (data loss, intrusion, etc.)"

"Apportionment of hours/costs between multiple communities, outdated technology infrastructure and insufficient funding to quickly improve technology, making the

IT Director's job difficult."

"No concerns - this is absolutely necessary. I have been working on this exact problem since I arrived at this small town 7 months ago."

"'Remote' and costs, even if low. Small town, very tight budget. I still don't have funds for broadband!"

"That one person would be split so many different ways, they would never have time for us."

"It is too late for us to start in FY14; our budget has been set. FY15 would be the earliest we could consider this."

"I have no concerns about participating in this program. I'm so happy it's a real possibility. I understand and heartily agree with the stated concept of 'data protection,' but no details were given on the 'easily-provided other services.' Can someone elaborate? Will the program provide access to accounting, payroll, collection, treasury, assessing, etc., software? That would tremendously cut our costs and would put all who participate on the same page. I hope that's what 'other services' means."

"No fiber to town yet. Involved with Mass broadband effort."

"What process would be used for the protection of data? That issue is number one on my current to-do list. We need a more reliable system and one that will allow the Town to access the backup fairly quickly and be 'back in business'."

Conclusions: Small town leaders have been and are actively wrestling with these data protection and associated policy issues. Demand exists for an affordable, easily implemented, and easily maintained solution. The existence of that clear demand will inform our discussions at the state level on how to encourage a pilot or proof-of-concept program.

June 1	Clerk	Certification of Appropriations This is done after City/Town Council or Town Meeting so the Accountant may set up accounts for each	
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		department in the municipality.
June 1	Assessors	Determine Valuation of Other Municipal or District Land In certain communities where land is owned by another community or district, the value of the land is determined by the Assessors in the year following a revaluation year, for in-lieu-of-tax payments.
June 1	DOR/BLA	Notification of Proposed EQVs (even numbered years only)
June 1	DOR/BLA	Notification of SOL Valuations (every 4th year after 2005)
June 10	DOR/BLA	Concludes Public Hearings on Proposed EQVs (even numbered years only)
June 10	DOR/BLA	Concludes Public Hearings on Proposed SOL Valuations (every 4th year after 2005)
June 15	DOR	Commissioner Determines and Certifies Pipeline Valuations
June 15	Assessors	Deadline for Appealing Commissioner's Telephone & Telegraph Valuations
June 15	Assessors	Make Annual Preliminary Tax Commitment The

		preliminary tax commitment must be based on the prior year's net tax on the property and may not exceed, with limited exceptions, 50% of that amount. This should be done early enough for the annual preliminary quarterly or semi-annual bills to be mailed by July 1.
June 20	Assessors	Final Date to Make Omitted or Revised Assessments As required by M.G.L. Ch. 59, Sections 75 and 76, if a property is inadvertently excluded or mistakenly under-assessed on the warrant for property taxes, it is the Assessors' role to correct the mistake and assess the property correctly. Such an assessment may not be made later than June 20 of the taxable year or 90 days after the date the tax bills are mailed, whichever is later.
June 30	State Treasurer	Notification of Quarterly Local Aid Payments Before June 30
June 30	Assessors	Overlay Surplus Closes to Surplus Revenue Each year, any balance in the overlay reserve accounts in excess of the remaining amount of the warrant to be collected or abated in that year, is

		certified by the Assessors. The transfer from overlay reserves to the overlay surplus is done on the Assessors' initiative or within 10 days of a written request by the chief executive officer. Once in overlay surplus, these funds may be appropriated for any lawful purpose. Any balance in the overlay surplus at the end of the fiscal year shall be closed to surplus revenue and, eventually, free cash.
June 30	Assessors	Physical Inventory of all Parcels for Communities that Accepted M.G.L. Ch. 59, Sec. 2A(a)
June 30	Taxpayer	Deadline for Applying to Have Land Classified as Forest Land, M.G.L. Ch. 61 According to M.G.L. Ch. 61, Section 2, this is the deadline to apply to the State Forester to have land classified as forest land.
June 30	Assessors	Submit Annual Report of Omitted or Revised Assessments
June 30	Assessors	Last Day to Submit Requests for Current Fiscal Year Reimbursements of Exemptions Granted Under the Various Clauses of Ch. 59, Sec. 5 If an exemption is granted

		<p>to a residential property owner, the property tax is lowered, and the city or town collects fewer tax revenues than anticipated. These exemptions are partially reimbursed by the state as indicated under "Exemptions", section B of the Cherry Sheet.</p> <p>It is the responsibility of the Assessors to submit all exemptions to DOR so that the community may be reimbursed for statutory exemptions. If the Assessors fail to submit a request, the community's loss of tax revenues will not be offset by exemption reimbursements from the state. These reimbursements may not be filed retroactively for any year.</p> <p>If tax bills are mailed late, assessors may submit requests for reimbursement until August 20.</p>
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